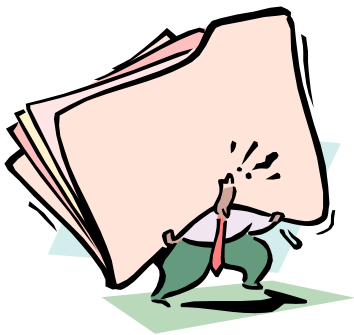


## SECTION J –REPORTING and MONITORING

### 1. OVERVIEW



CDBG grantees are responsible for planning and carrying out their project in accordance with the rules and regulations of state and federal law as specified in their contract with the State. The CDBG staff has the responsibility to ensure that grantees are carrying out their projects in accordance with these applicable laws and regulations. To accomplish this responsibility, the Division of Housing and Community Development (HCD) will help grantees identify problems and solutions in order to help grantees correct them. Whenever possible, deficiencies should be corrected through discussion, negotiation and technical assistance in a manner that preserves local discretion. Problems should

be identified and addressed as they happen, rather than waiting until the monitoring visit occurs. Regular telephone contact with state and AOG staff can be very helpful in avoiding problems at the end of the project. Some problems cannot be resolved if the grantee waits. HCD will conduct all of its monitoring activities in a positive, helpful manner.

### 2. OBJECTIVES

The objectives of monitoring and reporting are to determine if grantees:

- a. Are carrying out their CDBG project as described in their contract and have kept organized documentation to support all actions and national objective compliance,
- b. Are carrying out the project in a timely manner in accordance with the time frames required by the contract,
- c. Are charging costs to the program or project that are eligible under the CDBG program
- d. Are complying with other applicable laws, regulations and terms of the contract;
- e. Are conducting the program in a manner which minimizes the opportunity for fraud, waste and mismanagement; and
- f. Have a continuing capacity to carry out the approved program or project.

### 3. PROGRESS REPORTING REQUIREMENTS

**A progress report is required as part of each Request for Funds (RFF). Requests cannot be paid unless “accomplishment narrative” is included on the RFF form.** The brief narrative should describe the accomplishments of the project during the reporting period. Examples include: amount of pipe laid, percentage of building completed, number of people assisted (public service contracts), etc.

Additional progress reports may be required during the course of the contract with HCD if specifically requested by the state. In most cases this progress report will not be required if HCD is kept up to date concerning the status of the project. The state CDBG staff may request additional reports as necessary based on the difficulty of the project. The final project summary will be completed at the end of the project and is included in Section K of this handbook.

#### 4. MONITORING REQUIREMENTS

The state CDBG staff will monitor all grantees at least once during the course of the project. The final monitoring visit is usually made prior to drawing down the last 5% of CDBG funds. The monitoring system is not designed as a means of levying sanctions on grant recipients, but rather to identify concerns and then to assist the grantee to solve the problem and complete the project in accordance with all program requirements. If the problem cannot be resolved and there are disallowed costs, funds will need to be repaid to the State.

##### a. Progress Monitoring

Progress monitoring is an ongoing process of reviewing grantee performance during the project using all available supporting documentation. The state CDBG staff will review all RFF's and corresponding invoices. Staff may request additional records from the grantee at any time if they feel the documentation of the expense is inadequate.

##### b. On Site Monitoring Visits

On-site monitoring visits will be conducted at least once during the contract period, usually at the end of the project. The grantee will contact the state to schedule a mutually agreeable appointment.

More frequent on-site monitoring visits may be necessary if the grant is particularly complex or if the grantee has had management problems in the past. The State will send a monitoring checklist to the grantee so they can ensure all the required paperwork is available for review. Every grantee will use R/M Exhibit 1 at a minimum.

(1) Programmatic monitoring focuses primarily on two aspects of the CDBG program: project progress and program benefits in the following areas:

- National objective compliance and record keeping;
- General organization of files;
- Financial and general grant management;
- Environmental compliance;
- Public participation and complaint procedures;
- Labor standards compliance documentation
- Civil-rights, benefits to minority persons;
- Construction contracts; and
- Property acquisition/relocation or displacement.

(2) Financial monitoring will focus on the following areas:

- Does the grantee have an accounting system with the capacity to maintain all records?
- Has the grantee established a system of internal controls to eliminate potential fraud and abuse?
- Does the grantee have adequate expenditure documentation?

c. Triggers for Unscheduled On-Site Visits

Several actions or events may "trigger" an unscheduled monitoring visit:

- (1) Complaints received by HCD indicating poor management;
- (2) Failure to submit a progress report or financial status report;
- (3) Indicators of fraud or abuse;
- (4) Financial mismanagement;
- (5) Lack of project progress, and
- (6) Repeated breaching of any contractual provision after prior notice from HCD to comply.
- (7) Request for visit to provide assistance.

d.. State Monitoring Letter

A letter will be sent to the grantee reporting the results of the monitoring visit. If there are any issues or problems to resolve, they will be listed in this letter. Grantees have 30 days to respond to the letter and take corrective action.

e. Resolving Monitoring Findings

When all the monitoring findings have been resolved, a letter will be sent to the grantee along with a "Close Out" form. The Close Out form must also be completed and returned to the state within 30 calendar days.

Grantees should recognize that failure to observe specific dates for the return of requested reporting or monitoring evidence is noted by the state staff and may be provided as information to the Regional Rating and Ranking Committees (RRC's). The information may result in the grantee being denied future grants.

5. **IMPORTANT REMINDERS**

- ✓ Files must be prepared at the onset of the project and maintained during the complete course of the project.
- ✓ The CDBG staff will provide technical assistance in setting up financial files if requested.
- ✓ Grantees should contact their state program specialist immediately if unexpected delays or problems arise.
- ✓ Monitoring occurs when the project is 90-95% complete.
- ✓ The purpose of monitoring is to ensure compliance with federal laws and to ensure that files are complete.
- ✓ Before the monitoring visit grantees should review the appropriate monitoring checklist.